

California's Improvement Districts

"The Whole Ball of Wax"



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THE ARRAY OF IMPROVEMENT DISTRICTS

- Business Improvement District (Area) Act of 1965
- Business Improvement District (Area) Act of 1979/1989
- Tourist, Auto Row, Restaurant, Entertainment Districts
- Property and Business Improvement District Act of 1994
(Charter City District Ordinances)
- Multi-Family Improvement District Act of 2004
- Community Benefit District Act of 2005
(an augmentation of the “72 Landscape and Lighting Act)

WHY AN IMPROVEMENT DISTRICT?

IDENTIFYING NEIGHBORHOOD NEEDS

- Is the area poorly or inconsistently maintained?
- Is the area perceived as unsafe?
- Are properties under-valued or under-utilized?
- Does the area suffer from poor image?
- Are promotions and marketing efforts under-funded or sporadic?
- Are there as many marginal businesses/properties as solid ones?
- Is there a “cloudy” investment climate?
- Is the overall management structure limited or non-existent?

If so - an Improvement District may help!

Typical District Funding Options

- Membership Dues
- Government Grants, In-Lieu Services
- Event profits (revenue in excess of costs)
- Fundraising activities
- Business Improvement Districts (BID/PBID)
- Other Assessment Districts (i.e parking, landscaping, lighting, maintenance) >

SAMPLE PROGRAMS



SAMPLE PROGRAMS



GUIDING PRINCIPLES

- Practical, yet effective with professional quality
- Results oriented
- Balance
- Fair and reasonable
- Beneficial to businesses, property owners & residents throughout the District >

BENEFITS OF IMPROVEMENT DISTRICTS

- Real and perceived public safety improvements - safer environment
- Greater pedestrian activity
- Cleaner sidewalks, streets and parking lots
- Higher property resale values
- Attract new businesses and mixed use investors
- Enhanced rental incomes from vacant and underutilized space
- Improved business and livability climate
- Properly funded and managed District programs and services
- Stronger and united voice in District matters >

SAMPLE DISTRICT WORKPLAN

- Maintenance
- Public Safety/Ambassador Programs
- Marketing & Promotions
- Physical Amenities
- Image Enhancement
- Management & Operations

BUSINESS IMPROVEMENT DISTRICT – 1965 Act

- Surcharge on business license taxes
- Could fund business marketing, promotions, events and limited parking improvements
- 100 plus of these BIDs created around State
- But were frozen in time by Prop 13 in 1978 because they were considered a “tax”
- Could keep them – but couldn’t change boundaries, increase fees or change programs without 2/3rds vote

BUSINESS IMPROVEMENT DISTRICT – 1979/89 Act

- Benefit assessment fee independent of business license taxes
- Can be formed provided weighted majority protest not received
- Renewable annually - 250 plus of these BIDs created around State
- Can fund business marketing, promotions, events, banners, benches, kiosks, limited maintenance and security
- Many still successfully operating around State – Santa Barbara, San Luis Obispo, Whittier, Huntington Park, Newport Beach, La Jolla, Eureka, Chico
- Can assess apartment buildings – 5 plus units but not SFR
- Can assess property owners as “commercial landlords”

TOURIST, AUTO ROW, RESTAURANT, ENTERTAINMENT DISTRICTS

- Spin off from 1989 BID Act – renewable annually
- Can assess specified business types within very broad boundaries (like City-wide, County – wide)
- 25 plus of these TIDs created around State
- Can be formed if not a weighted majority protest
- Allow very focused niche marketing/promotion programs

PROPERTY & BUSINESS IMPROVEMENT DISTRICT (PBID)

1994 Act

- Setup for 5 years at a time (renewable in 10 year increments)
(some Charter cities have amended to allow 10 years to start)
- Can fund business marketing, promotions, events, clean and safe programs, capital improvements, management etc)
- 100 plus of these PBIDs created around State
- Requires 50.1% weighted owner support petition (30% Charter cities)
- Requires 50.1% weighted owner ballot approval
- Can assess vacant land, blighted buildings, government properties, public utility properties, churches, non-profits but not residentially zoned properties

MULTI FAMILY IMPROVEMENT DISTRICT – 2004 Act

- Can assess apartment buildings
- Can fund multi-family neighborhood services – clean and safe, landscaping etc.
- Requires 2/3 approval by owners
- Overturned with 30% “no vote”

COMMUNITY BENEFIT DISTRICT – 2005 Act
(Pending)

- Can assess commercial and residential properties
- Can fund wide array of neighborhoods services and improvements for businesses and residents
- Approved by Assembly – currently in Senate
- No support petition campaign needed
- Can essentially establish in perpetuity (as long as Act is active)